

FIRST REGULAR SESSION

# HOUSE BILL NO. 403

## 92ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES RECTOR, STEVENSON, LeVOTA, WILLOUGHBY, SAGER,  
SKAGGS (Co-sponsors), MOORE, RICHARD, LAWSON AND EMERY.

Read 1<sup>st</sup> time February 6, 2003, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

1137L.021

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### AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to allowing certain electrical corporations to recover certain costs, with an emergency clause.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 393, RSMo, is amended by adding thereto one new section, to be  
2 known as section 393.158, to read as follows:

**393.158. 1. As used in this section, the following terms mean:**

2       **(1) "Base cost", the average cost of fuel, natural gas, and purchased power energy**  
3 **costs per kilowatt hour included in base rates at the time of the last general retail rate**  
4 **proceeding;**

5       **(2) "Commission", the Missouri public service commission;**

6       **(3) "Correction amount", the dollar cost, positive or negative, needed to adjust the**  
7 **second prior months' energy cost estimate to the actual cost incurred during the second**  
8 **prior month. The correction amount shall be calculated as follows: the sum of the actual**  
9 **cost of fuel burned during the correction month, the actual cost of purchased power**  
10 **incurred during the correction month, the actual net cost of interchange during the**  
11 **correction month, and the correction amount used originally in the correction month;**  
12 **minus the sum of the estimated cost of fuel burned during the correction month, estimated**  
13 **cost of purchased power during the correction month, the estimated net cost of interchange**  
14 **during the correction month and the correction amount used originally in energy cost**  
15 **adjustment clause calculation for the second prior month. The net result is multiplied by**  
16 **the ratio of actual kilowatt hour sales in the correction month over the estimated kilowatt**  
17 **hour sales in the correction month;**

18       **(4) "FERC", the Federal Energy Regulatory Commission;**

19           (5) "Fuel", the amount paid by an electrical corporation for natural gas, including  
20 the transportation thereof, used by said corporation or another entity to generate for or  
21 to supply electrical energy to said corporation;

22           (6) "Net interchange", the net dollar cost, positive or negative, of interchange  
23 received less interchange sales;

24           (7) "Purchased power", the amount paid by an electrical corporation for electrical  
25 energy, including the transportation thereof, generated by another entity, but used by said  
26 electrical corporation, and the delivered cost of natural gas burned in tolling purchased  
27 power contracts;

28           (8) "Sales", the estimated kilowatt hour delivered to customers during the current  
29 month, which equals the sum of the estimated kilowatt hour generated, purchased and net  
30 interchanged during the month multiplied by one minus the line loss percentage.

31           2. Notwithstanding any other provision of the law to the contrary, any electrical  
32 corporation, as defined in section 386.010, RSMo, shall be allowed to recover all of its  
33 reasonably and prudently incurred costs for natural gas and all of its reasonably and  
34 prudently incurred costs for purchased electrical energy for its retail customers through  
35 energy adjustment rate schedules designed to specifically recover such costs. The energy  
36 adjustment rate schedules to recover these costs shall be filed with the commission, and  
37 may, at the option of the electrical corporation, be established and implemented either  
38 within or without the context of a general rate increase request proceeding.

39           3. The commission shall allow the modification of the energy adjustment rate  
40 schedules authorized by this section to take place on a timely basis to reflect increases or  
41 decreases in natural gas costs and purchased energy costs above or below the costs of such  
42 items reflected in the permanent base rates of the electrical corporation on file with and  
43 approved by the commission. Changes in such energy adjustment rate schedules may be  
44 made as frequently as every thirty days. In exercising its authority pursuant to this section,  
45 the commission shall consider only whether the calculations of such natural gas costs and  
46 purchased energy costs by the electrical corporation are accurate and reflect the costs  
47 being incurred or reasonably expected to be incurred by the electrical corporation and the  
48 commission shall not, at the same time, consider other factors which may affect the other  
49 costs or the overall rates or other charges of such electrical corporation.

50           4. In connection with implementing the energy adjustment rate schedules  
51 authorized pursuant to this section, in order to remedy any over-collections of the involved  
52 costs from previous periods which might occur, the commission shall follow a "true-up"  
53 procedure similar to the procedure that the commission utilizes for purchased gas cost  
54 recovery for gas corporations. The "true-up" procedure shall accurately and

55 appropriately remedy any over-collections from previous periods with customer credits or  
56 refunds including interest payable at the electrical corporation's short-term debt rate.

57       **5. Natural gas costs recoverable pursuant to this section shall include only those**  
58 **costs properly recorded as fuel costs, including pipeline delivery charges, prior to or in the**  
59 **burning cycle in FERC Account Numbers 501, 547, or 555, except that such costs shall be**  
60 **reduced by the amount of supplier or pipeline refunds normally credited to such accounts.**  
61 **Purchased electrical energy costs recoverable pursuant to this section shall include those**  
62 **properly recorded as purchased energy costs, including related transmission charges**  
63 **incurred for delivery of the purchased energy, in FERC Account Numbers 555 or 565,**  
64 **exclusive of capacity, demand, or other fixed charges.**

65       **6. Each electrical corporation which has on file with the commission approved**  
66 **energy adjustment rate schedules pursuant to this section shall submit to the commission**  
67 **on or before the fifteenth day of each month an energy adjustment report, in a format**  
68 **prescribed by the commission, showing the calculations for the next month's energy**  
69 **adjustment rate.**

70       **7. The energy adjustment rates authorized by this section when modified shall be**  
71 **increased or decreased by one-tenth of one cent per kilowatt-hour for each one-tenth of one**  
72 **cent, or major fraction thereof, increase or decrease in the aggregate cost of energy per**  
73 **kilowatt-hour computed by the following formula: The sum of the estimated cost of fuel**  
74 **burned during the current month, the estimated total cost of purchased power incurred**  
75 **during the current month, the estimated net cost of interchange incurred during the**  
76 **current month, and the correction amount divided by estimated sales during the current**  
77 **month, minus the base cost of energy.**

78       **8. Each energy adjustment rate schedule filing made pursuant to this section shall**  
79 **include detailed records, workpapers, and calculations sufficient for the commission to**  
80 **determine whether to establish, continue, reduce, or increase the level of the energy**  
81 **adjustment rate. Copies of all such filings shall be provided on the same calendar day to**  
82 **the office of the public counsel.**

83       **9. Energy adjustment rate schedule filings pursuant to this section shall be designed**  
84 **to become effective thirty days after filing and not be subject to suspension by the**  
85 **commission. Any such filing shall be considered on an expedited basis and a decision,**  
86 **including a determination, if necessary, of the natural gas costs and purchased electrical**  
87 **energy costs embedded in the corporation's base rates, shall be made by the commission**  
88 **within thirty days of the filing. Interested parties may intervene in any such proceedings,**  
89 **but any such intervention shall not extend the thirty day period for making a decision. The**  
90 **energy adjustment rate schedules shall become effective the date of such commission**

91 **decision or thirty days after filing, whichever first occurs, but shall be subject to the "true**  
92 **up" mechanism described in subsection 1 of this section.**

93 **10. Nothing in this section shall be construed as limiting the authority of the**  
94 **commission to review and consider natural gas costs, purchased electrical energy costs, or**  
95 **any other fuel or fuel-related costs along with other costs during any general rate**  
96 **proceeding of any electrical corporation.**

97 **11. Nothing in this section shall be construed as limiting the authority of the**  
98 **commission to continue the practice of using the purchased gas adjustment clause**  
99 **mechanism for the recovery of natural gas commodity, transportation, storage, and related**  
100 **costs for gas corporations whereby changes in such costs are recognized in rates without**  
101 **the filing of a general rate proceeding.**

Section B. Because of the immediate need to allow electrical corporations to timely  
2 recover unanticipated and rapidly increasing natural gas costs and purchased electrical energy  
3 costs, section A of this act are deemed necessary for the immediate preservation of the public  
4 health, welfare, peace and safety, and is hereby declared an emergency act within the meaning  
5 of the constitution, and section A of this act shall be in full force and effect upon its passage and  
6 approval.